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12 September 2017

ASX Market Announcements Office

Fax: 1300 135 638

Dear Sir

Lodgement of initial substantial holder notice

Please find **enclosed** on behalf of China Shandong Investment Limited (CSIL) its initial substantial holder notice in Yancoal Australia Limited (YAL), for release to the market.

Yours sincerely

Kym Livesley
Partner
Dentons Australia

Form **603**
Corporations Act 2001
Section 671B

Notice of initial substantial shareholder

Company Name/Scheme Yancoal Australia Limited

ACN/ARSN 111 859 119

1. Details of substantial holder (1)

Name This notice is given by China Shandong Investment Limited (CSIL) on its own behalf and on behalf of Shandong Lucion Investment Holdings Group Co., Ltd (Shandong Lucion) and its related entities

ACN/ARSN (if applicable) Not applicable

The holder became substantial holder on 31 August 2017

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial holder became a substantial holder are as follows:

Class of securities (4)	Number of securities	Persons' votes (5)	Voting power (6)
Fully paid ordinary shares	2,500,000,000	2,500,000,000	5.69% (based on 43,959,388,122 fully paid ordinary shares on issue)

3. Details of relevant interests

The nature of the relevant interest the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
CSIL	Relevant interest under section 608(1)(a) of the Corporations Act 2001 (Cth), being the registered holder of the 2,500,000,000 fully paid ordinary shares in Yancoal Australia Limited acquired under the terms of the underwriting agreement dated 21 July 2017 between Shandong Lucion (the Chinese parent company of CSIL) and Yancoal Australia Limited (UWA), as disclosed in the Entitlement Offer Booklet of Yancoal Australia Limited dated 1 August 2017. Shandong Lucion appointed CSIL as its nominee under the UWA to subscribe for the 2,500,000,000 fully paid ordinary shares.	2,500,000,000 fully paid ordinary shares
Shandong Lucion and its related entities	Taken under section 608(3)(b) of the Corporations Act 2001 (Cth) to have a relevant interest by reason of having control of CSIL (CSIL is a wholly-owned subsidiary of Shandong Lucion).	2,500,000,000 fully paid ordinary shares

Shandong Lucion and Yankuang Group Co., Ltd. (the holding company of Yanzhou Coal Mining Co., Ltd., which holds a relevant interest in 28,775,519,994 shares or 65.46% of Yancoal Australia Limited) are both Shandong State Owned Enterprises (SSOEs) and both operate under the supervision of the State-owned Assets Supervision and Administration Commission of Shandong Province. In aggregate, Shandong Lucion and Yankuang Group Co., Ltd. own, through CSIL and Yanzhou Coal Mining Co., Ltd. respectively, 31,275,519,994 shares, or 71.15% of the shares in Yancoal Australia Limited.

4. Details of present registered holders

The persons registered as holders of the securities referred to in paragraph 3 above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
Each person named in section 3 above.	CSIL	CSIL	2,500,000,000 fully paid ordinary shares

5. Consideration

The consideration paid for each relevant interest referred to in paragraph 3 above, and acquired in the four months prior to the day that the substantial shareholder became a substantial shareholder is as follows:

Holder of relevant interest	Date of acquisition	Consideration		Class and number of securities
		Cash	Non-cash	
CSIL	31 August 2017	US\$250,000,000 pursuant to the UWA as disclosed in the Entitlement Offer Booklet of Yancoal Australia Limited dated 1 August 2017.	N/A	2,500,000,000 fully paid ordinary shares

6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial holder are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
Shandong Lucion and its related entities	Pursuant to section 12(2)(a) of the Corporations Act 2001 (Cth)

7. Addresses

The addresses of persons named in this form are as follows:

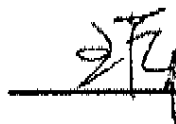
Name	Address
CSIL	Room 3312, 33/F Shui On Centre, No. 6-8 Harbour Road, Wanchai, Hong Kong
Shandong Lucion and its related entities	C/- No. 166 Jie Fang Road, Lixia District, Jinan, Shandong, China

Signature

Print name Ping Wang

Capacity Director

sign here



date 6 Sep. 2017

DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.

- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
- (a) any relevant agreement or other circumstances by which the relevant interest was acquired. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.

- (8) If the substantial holder is unable to determine the identity of the person (eg. If the relevant interest arises because of an option) write "unknown".
- (9) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

Form 603